Software putting computers to work

By Prashanta Misra

If 1982 and 1983 were years of recreation, then 1984 is going to be the year of the home, where home productivity will be the utilitarian reason for buying a software product," says Dereck McLeish, vp-sales and marketing, Tronix Publishing, Inglewood, Cal.

Software designed for use on the home computer is changing, and the change reflects events in the whole consumer electronics industry. Products are providing not only entertainment opportunities, but they also are transforming hardware into budget planners, word processors and learning tools. They are being put to work.

Industry pundits say even the industry giant, International Business Machines, is changing its pitch on its home computer, PCjr, to the computer that brings your work home. Says Sanford R. Robertson, a partner with the San Francisco-based investment banking company Robertson, Colman & Stephens, "Such developments will impart the much-needed stability in a highly volatile marketplace."

Consumers' growing demand for this kind of software has caused a proliferation of different kinds of educational and productivity software. The demand also has come at a good time for game software marketers, which see it as an opportunity to diversify.

"Educational software is like the next generation of games software—software with depth and value," says Francis Pandolfi, president of the Tarrytown, N.Y.-based Scarborough Systems, whose MasterType educational program has topped *Billboard's* best-selling software chart for several weeks. "Both educational and home financial management software are offering people things to do with computers that finally are making these machines genuinely valuable in the home environment."

Prashanta Misra specializes in writing about computers and consumer electronics.

Lowell, Mass.-based Hayden Software, which ventured into the field of educational software only last summer, doesn't regret its decision. "I'm personally convinced, based on our revenues, that the market for educational software products will get larger as an over-all market and is going to eclipse the market for the games software," company president Oscar Rodriguez says.

> **"... the market for educational software ... is going to eclipse the market for games software."**
>
> —*Oscar Rodriguez*

Future Computing, Richardson, Tex., a market research company, estimates that while entertainment will continue to be the largest selling home computer software, growth is occurring much more rapidly in educational and home productivity software. The U.S. market for home computer software in 1984 will grow 75%, to $1.4 billion, according to Tricia Parks, vp-consumer group division.

"The fact that educational and home productivity software are the fastest growing segments is indicated by the entry into the field by some very large players such as CBS Software, Reader's Digest and Xerox Publications," Ms. Parks says. According to Future Computing, the educational software market will grow 68% in 1984, to $314 million; home productivity software will grow 100%, to $242 million.

After making a false start in the game software market, CBS Software quickly reorganized its unit last spring to concentrate on making educational software. "But we are not the only ones making this shift—there are others who are doing it too," says Henry Kaplan, executive vp of the Greenwich, Conn.-based company.

Until January, Reader's Digest Assn. concentrated its efforts providing software exclusively for schools. But realizing the potential market that exists in homes, the Pleasantville, N.Y.-based company shifted its gears. "Right now, it looks like consumer sales are going to be the biggest part of our division's revenues," says Richard Scott, director-software division, who is also responsible for marketing and product development.

Similarly, the software division of Xerox Education Publications, Middletown, Conn., soon after entering the educational software market, has come to be regarded as one of its leaders, industry observers say.

Companies in the industry have taken a marketing clue from such consumer products companies as Procter & Gamble.

"In the home computer software industry, technology for all intents and purpose is a secondary element," says Sy Kaufman, a microcomputer analyst and a partner with Robertson, Colman & Stephens. "In sorting out winners from losers, it's very much a classical game in the mastery of channels of distribution, shelf space and effective advertising and promotional campaigns to cause industry leaders to rise above the hue and cry."

Venture capitalists, who in 1983 were willing to fund software companies in a big way, are reluctant to do that now because they realize that access to distribution and shelf space has become "at least to the power of ten more expensive," Mr. Rodriguez says. "If you are not prepared to spend $10 million or more, you just don't have a chance on marketing."

Soaring marketing costs and intense competition in the personal computer software industry also has led to the acquisition of some smaller companies by their bigger competitors.

Arrays/Continental Software, Los Angeles, markets the best-selling Home Accountant, which has everyone talking in this ad by Ellis/Ross/Tani.

Recently, Gillette Co., the well known consumer goods company, bought a 40% interest in Datasoft Inc., a producer of software.

Also, late last year, Cox Enterprises of Atlanta, which owns 20 newspapers, bought a minority interest in Creative Software, Sunnyvale, Cal., and is likely to buy the remainder later this year, analysts say.

In addition, some of the big publishing houses such as Prentice-Hall, Simon & Schuster and Scholastic Inc. are looking for acquisitions, says Susan Currier, president of Softsync Inc., New York, a software publisher that also has been approached by several big companies for a possible takeover.

The presence of these big companies in the home computer software industry doesn't mean, however, that everybody will disappear, Ms. Parks says. "These small firms will have to be very clever in their advertising and have to have sound business strategies in terms of finding a particular niche they want to go for and focus on that, because they don't have the huge resources and market savvy of the bigger players."

Ms. Currier thinks most of the software advertising so far has been very unexciting. "People in the industry will have to look at the fashion and cosmetics industry to get an idea of some of the pet ways to package and market something that's basically a boring box," she says. "So, some companies are hiring people out of the cosmetics or some other package goods industries—and that's the way to go."

CBS Software is advertising its educational software in mass market magazines.

Ms. Currier's Softsync Inc., which started out producing game software three years ago, is

The U.S. consumer electronics industry
Annual factory sales by type
($ million); 1974-1983

Category	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Monochrome receivers	500	416	495	530	549	561	588	505	507	465
Color receivers	2,533	2,268	2,755	3,289	3,674	3,685	4,210	4,349	4,253	5,002
Projection tv	na	na	na	na	na	na	na	287	236	268
Videocassette recorders	29	34	65	180	326	389	621	1,127	1,303	2,162
Color cameras	na	na	na	na	na	na	na	147	232	303
Videodisc players	na	na	na	na	na	na	na	55	54	81
Audio systems[1]	510	474	489	606	748	748	809[r]	720	573	630
Separate audio components	704	652	1,027	1,275	1,143	1,178	1,424	1,363	1,181	1,268
Home radio	557	372	356[r]	523	436[r]	436[r]	468	501	530	565
Portable audio tape equipment[2]	857	653	1,055	1,208	1,649	1,739	1,403	1,157	971	1,102
Car audio[3]	370	355	497	534	582	623	1,368	1,514	1,411	1,495
Blank audio cassettes	na	na	na	na	na	na	na	242	219	249
Blank videocassettes	na	na	na	na	na	na	na	na	357	580
Total	6,060	5,224	6,739[r]	8,145	9,107[r]	9,359[r]	10,891[r]	11,967[r]	11,827[r]	14,170
Estimates by consensus[4]	na	na	na	na	na	na	7[e]	44[e]	4,310[e]	6,425[e]
Grand total	6,060	5,224	6,739[r]	8,145	9,107[r]	9,359[r]	10,898	12,011	16,137	20,595

1—Prior to 1981, data includes console phono
2—Prior to 1980, data includes some tape equipment other than portable
3—Prior to 1980, data reflects factory installed car audio products only
4—Includes home computers, software, programable videogames, videogame cartridges, tele[illegible] telephone answering devices, and videodiscs.
r—Revised e—Estimates

Source: Electronic Industries Assn. marketing services department

Consumer

(Continued from Page 15)

advertising campaigns of marketers such as RCA and Sony Corp.—still has to catch on with the consumer. Sales last year of component video systems were disappointing, says David Lamb, a senior analyst with Link Resources, New York, a media and communications market research company.

Amid all the dramatic growth that color tv sets were experiencing, the center stage was occupied by vcrs. From sales of nearly 2 million units in 1982, the industry jumped above the 4 million mark in 1983. This year, analysts expect vcr sales to exceed 6 million units. Dollar sales were $2.2 billion, up 70% from 1982, according to the EIA.

"It was the best year that the industry has experienced," says Richard O'Brien, executive vp, JVC, one of the major vcr marketers. Consumer demand is not likely to abate for the next few years. Vcrs are already in more than 11% of all tv households and that number will only get, higher, Ms. Russell says.

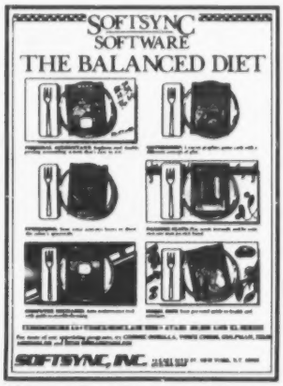
No one factor adequately can explain the meteoric growth of vcrs. Although declining prices have been a dominant factor (some vcrs can be purchased for less than $300), the increased availability of prerecorded cassettes as well as changing patterns of use have had their effect as well.

For the vcr user, the range of materials available in cassette form has expanded considerably. Also alluring is the appearance of major Hollywood motion pictures on cassettes before their showing on pay cable or network tv. (One example: "Terms of Endearment," the big 1983 Oscar

getting more into home productivity software. "Essentially, what we're doing now is bringing the business software down to the home level," she says.

Companies such as Spinnaker Software Corp., Cambridge, Mass., and Software Publishing Co., Mountain View, Cal., already have started building their consumer-oriented marketing force, recruiting people from companies such as Procter & Gamble, Richardson-Vicks, General Foods and Chesebrough-Pond's.

"Because we have mostly mass market channels like K mart, J.C. Penney and Toys 'R' Us, we have hired and are hiring people with a classic package goods marketing background," says Jay Mixter, vp-marketing for Spinnaker, which within a few years has emerged as a leading manufacturer of educational software products.



Susan Currier, president of Softsync, says software companies need more exciting advertising.

Realizing there was a niche in the marketplace for "edu-tainment products," and modeling itself on Fisher-Price toy company, Spinnaker specializes in making "learning game" software that is not only fun to play with, but also is educationally sound, Mr. Mixter says.

Big publishers such as Random House have launched themselves into the "edu-tainment" software market, with about 10 titles debuting this month at the Consumer Electronics Show in Chicago.

According to David J. Fiore, advertising-promotion manager for the book company's electronic publishing division, and formerly marketing manager for Sony Corp., Random House will stress the theme: "We were here yesterday and we'll be here tomorrow."

Random House, like Hayden Software, will be spending almost 50% of its anticipated 1984 revenues on advertising. The ads will be only in print media. Says Mr. Fiore, "Since home computers only have 10% penentration into tv households, we'll be advertising in consumer-oriented publications as well as machine-specific magazines."

CBS Software has gone a step ahead of Random House by advertising not only in computer-user magazines, but also in mass market magazines such as *Better Homes & Gardens, Business Week, Money, Newsweek, People,* and *Woman's Day.*

Ms. Parks of Future Computing predicts that by the end of this year, there will be a lot of software advertising on prime-time tv and the dollar commitment on the part of companies will be quite substantial. Two companies that already have indicated their plans for using tv include CBS Software and Spinnaker Software.

Companies such as Arrays/Continental Software, Los Angeles, which specialize in making home financial management/productivity software, will capitalize on the theme of "fear and greed"—the two motivating factors on Wall Street, according to Hank Scheinberg, executive vp. "If you want a bigger house, want a bigger car or want to have more money to spend, we'll tell you how to do that through our Get Rich series on real estate planning, investment planning, retirement planning and insurance planning," he says. Continental also markets The Home Accountant and Tax Advantage—both best sellers.

Another personal finance program called Managing Your Money is written by Andrew

(Continued on Page 18)

Designer hooks mass market

By Cecelia Reed

A 31-year-old entrepreneur from Montana, who once tried to make it in the fashion world (with something called Foot Sweaters) and failed, has found success creating software for home computers.

On the 55th floor of Lake Point Tower in Chicago, Sat Tara Singh Khalsa (he's a convert to the Indian Sikh religion), president of two-year-old Kriya Systems, is seated behind a desk piled with the latest computer publications. His office is quiet, cool; he, too, is cool. He also is rich, as is currently the fashion among smart young hotshot software designers. And Typing Tutor III, the latest permutation of his two previous best-selling Typing Tutor programs, is without doubt going to make him richer.

Mr. Khalsa, a graduate in philosophical psychology from the University of Chicago, became interested in computers "before there were micros." In 1977, he worked in a private psychiatric hospital, where a director asked him if he would work on a computer that recognized speech. At that time, the first microcomputers were being developed. Later, at Image Producers, Northbrook, Ill., he met and teamed up with Dick Ainsworth and Ram Dass Khalsa (no relation), today creative director and vp, respectively, of the 12-person Kriya Systems.

Mr. Khalsa predicts that his young company's entry into the personal productivity/educational segment of the software market is going to be one hot number. Typing Tutor III is designed to teach people how to find their way around a keyboard (a must for getting friendly with any home computer). "We'll sell at least 200,000 units this year, but that's real conservative. My expectation is that we'll do twice that number," Mr. Khalsa says.

Mr. Khalsa's serene confidence is not unfounded. As home computer hardware loses its youthful dash, software is spurting ahead. Sales of software programs for personal computers—the fastest growing segment of the market—are estimated to approach $2 billion in 1984—and continue growing at an average annual rate of 47%.

Darryl Pitt

Sat Tara Singh Khalsa brings a distinct personal style to the mysterious world of computers.

"Software in the past has been marketed as a commodity. There was no authorship, no people recognition," Mr. Khalsa says. Now personal computers are becoming interchangeable commodities in the minds of many consumers looking for discounts rather than brand names.

"For the mass market, you need to have a hook," an image and brand recognition that will distinguish one package from its competition. "This is the kind of marketing approach that should work for software"—especially software of the functional variety, which is gaining on games as the consumer's choice, he says.

Mr. Khalsa is one of the new breed of software designers bringing glamor and a distinct personal style to the erstwhile gray and mysterious world of computers. Kriya Systems has found a new way to bring its products' message to the seekers of applications software: Give it a personality. That is, bring it out of the inaccessible world of computer whizzes who work by night right into the bright light of mass market America.

"Personal computers offer tremendous benefits," Mr. Khalsa says. "They can be a passive resource, but they can also be used as an active resource; you can create art, or music." The way to turn a machine into an "active" property is to have the right software, the guiding spirit of any computer.

Guiding the progress of Typing Tutor III is Kriya's "publisher," Simon & Schuster, which until recently was better known for success with more conventional "authors" than Mr. Khalsa. Simon & Schuster's electronic publishing group chose Kriya's products as its entry into the software market because "It happens to be a very high quality product, it had a name the trade knew and we saw inherent promotional possibilities in it," says Frank Schwartz, president of the electronic publishing group.

With Kriya's brains and Simon & Schuster's marketing brawn (the company could possibly spend up to $250,000 on advertising and promotion), the feeling is that Typing Tutor III will mop up in sales.

Mr. Khalsa is scheduled to go on a major promotional tour—a first for software "authors"—soon after this month's Consumer Electronics Show to promote Typing Tutor III in New York, Boston, Chicago, Los Angeles and Dallas. Mr. Khalsa, whose laid-back style and some-

(Continued on Page 18)

Cecelia Reed, senior editor of Magazine, is beginning to wonder if she's in the wrong business. The subject of her article drives a Rolls-Royce while she's still taking the subway.

winner, became available on videocassettes in May, although it's still in theatrical release.) Not surprisingly, sales of prerecorded cassettes have boomed. In 1983, the total was an estimated 7 million units, according to Link Resources. This year, it could exceed 9 million.

Vcrs are changing viewing patterns. They are being used for time shifting and for library building. Pay cable also is fueling the use of vcrs. In 1983, vcrs were in nearly 35% of all pay cable homes.

The introduction of the 8mm camera-recorder by Eastman Kodak also has added a new dimension to the vcr industry. Although some analysts are skeptical about Kodak's attempts to enter the video market with a product that initially is priced at more than $1,500, Kodak feels confident about the product and its demand among home movie and home taping enthusiasts.

Other players include RCA and General Electric and a host of others waiting in the wings.

Not to be forgotten in the excitement surrounding color tv and vcrs is the role of the home computer (a low-end personal computer that has been used primarily for videogames and selected personal applications).

"That end of the market [home computers] will continue to rely on games."

—Eugene Glazer

For some time, the home computer phenomenon outshone all other events in the industry. Now that craze has all but vanished and companies such as Atari and Texas Instruments are licking their wounds.

"That end of the market will continue to rely on games," Eugene Glazer, first vp, Dean Witter Reynolds, says. "There really isn't any user-friendly software that can get these computers to do something difficult." Once the software becomes simpler and more relevant to the needs of users, the home computer market could boom. But that, according to many analysts, is still some distance away.

Of course, there are other products in the industry that also are competing for consumer attention. Some, such as the digital audio disc (Compact Disc), are just beginning to make their presence felt. Others, such as RCA's ill-fated videodisc, have been abandoned as costly ventures that didn't produce the desired results.

The demise of the RCA videodisc has demonstrated that consumers are looking for products that are departures from existing ones or provide new value. They're not interested in technology for technology's sake.

A good example of this may be the rise and fall of the first generation of cordless telephones. Sold as a mass consumer item with little emphasis on sophisticated applications, many of the models died a quick death. Some of the more established manufacturers are returning to the market with more functional products.

Of course, there is still the nagging question of whether the market is capable of withstanding this barrage of consumer electronics. Most analysts agree that each of the new products could have stood on their own at another time. Together, their future is a lot more doubtful.

In its "New Media Five-Year Outlook," Link Resources projects sustained growth for nearly all the industry's elements, including vcrs, video cameras, videocassettes and home computers.

More importantly, perhaps, the consumer electronics industry has captured the imagination of its buyers—not merely as a source of entertainment, but also as a conduit for essential services, from informational to transactional (such as home banking and shopping).

The focus now is on bringing business and pleasure together into the living room. Until consumers start feeling the need to go outside again, the future of consumer electronics seems more than assured.

Advertising Age

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$1.25 a copy; $52 a year *The International Newspaper of Marketing* *June 11, 1984*

More shops in Polaroid's search for new creative

— Page 1

Seagram ad stirs spirited retorts from competitors

— Page 2

At electronics show:

- Software ABC's
- Tv shines bright
- Dialing up dollars

— Page 3

Continental's campaign won't fly with 2 foes

— Page 3

Hungry pets spur sales gain

— Page 49

Gallaher lights 'world' smoke

— International section

NEWSPAPER

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Upfront buys in slow start

By James P. Forkan

New York—The network tv prime time upfront door now is open, but contrary to expectations agency buyers are not rushing in.

Various sources report the networks are seeking "exorbitant" price increases for prime time upfront—which advertisers and agency executives have been saying would increase this year no more than 7%—leaving the networks and most advertisers far apart in negotiations.

The prime time upfront market broke last week when Paul Schulman Co. completed its traditional opening buy for Ralston Purina (AA, June 7). All indications at that time were that prime time upfront, which in recent years had opened after the July 4 weekend, would follow the fast pace of daytime and news upfront this year. Both dayparts are close to sellouts in upfront for 1984-85. James Duffy, ABC-TV Network president, said last week that daytime upfront will top the $1 billion mark and prime time upfront will surpass $2.2 billion.

In spite of the slowdown by many advertisers, at least three buys are reported close to completion at ABC-TV. And sources say the three networks combined have "20 to 25 budgets working," which some estimated to be worth a combined $200 million-plus.

Not all the upfront activity is emanating from New York, some

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A shade better than the rest.
Seagram's Gin tastes so good you can see it.
Next to Seagram's Gin others seem colorless.
Patience is a virtue.
Seagram's Gin looks different because it's made differently.
Seagram's Extra Dry Gin
Seagram's GIN

Seagram ad riles fellow gin players

By GAY JERVEY

New York—Joseph E. Seagram & Sons, determined to strengthen its franchise among upscale gin drinkers, has the competition riled up over a new campaign for Seagram's extra-dry gin.

The campaign, themed "A shade better than the rest," includes a photo of a Seagram bottle with its label in full view, and bottles of Beefeater and Gordon's with their labels barely showing. The copy in the ad notes that "next to Seagram's gin others seem colorless."

The ad then cites the reason for Seagram's golden hue. Unlike other brands poured directly from the still into the bottle, the copy says, Seagram's is "mellowed"

(Continued on Page 98)

Seagram's primary gin competitors, Beefeater and Gordon's, are clearly evident in this controversial ad.

Former execs deny Paramount charges

By JAMES P. FORKAN

New York—When Gordon Weaver and Stephen Rose, two successful Paramount Pictures marketing veterans, left the studio early last week (AA, June 7) for the second time in five years to form their own company, their departure proved far less amicable than the first one.

In mid-1979, when they left as senior vp-marketing and advertising vp respectively, Messrs. Weaver and Rose retained some Paramount ties, since the studio agreed to finance several initial Barrich Productions projects (none of which reached the big screen).

This time, formation of Barrich Marketing as "an independent movie marketing company" is being overshadowed by rather vague Paramount allegations about "unethical practices with respect to suppliers," which were uncovered during a "preliminary investigation." That statement was issued just hours after the two execs had announced their departures, thereby leaving in doubt whether they jumped or were pushed from their posts as president of Paramount

(Continued on Page 98)

Detroit plan vs. imports

By RALPH GRAY

New Orleans—The lifting of import-car restraints in the U.S. will flip a few marketing chips. But the big hand is just being dealt.

It is likely that the import limits will not be renewed next spring. The immediate impact would be on small cars. U.S. marketers are likely to rely mainly on their own imports rather than on domestically made small cars to fight the Japanese auto makers.

The brand names will not change. The Chevrolet Sprint, now marketed in nine western states as a Chevy, will not be renamed a Suzuki, though Suzuki makes it for the General Motors division.

The big game in the post-limits arena, however, will come in the midsize "middle market." That is where the major profits have always been. And the restraints have kept that market shut to Japanese manufacturers.

"A new middle market is emerging," said Joseph Campana, Chrysler Corp.'s vp-marketing.

"The medium-size cars of the past were owned by people who wanted jewel-like versions of big cars but who didn't want the size. The new middle is a driver's car for those who like handling characteristics and road feel," Mr. Campana said.

Chrysler's entries in the new middle market, its H-body LeBaron GTS and Dodge Lancer, are due next January and will start out with four-cylinder engines.

Other cars that already have appeal for the middle market include the Honda Accord and Pontiac 6000STE.

While Chrysler is readying the H-bodies, it will rely on a new agreement with Mitsubishi for Chrysler-labeled small cars. That agreement has been extended to 1995. Chrysler chairman Lee Iacocca, here for the annual meeting of shareholders, said that will cover the bases for his company.

Chrysler is proceeding with a new high-tech, American-built small car for 1986½, Mr. Iacocca said. He called it "an exciting, world-class competitor," adding that it will be delayed three months to "change its styling to compete in a more upscale market segment." That indicates heavy use of Mitsubishi-made components.

Chrysler "possibly needs two [small] cars, one sourced from

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highlights

Monday, June 11, 1984

Liggett & Myers Tobacco Co. is ready to test Stride, a new branded, mid-price cigaret. It's also testing the notion that consumers will accept more price stratification in the cigaret market. *See Page 10.*

Robert Corr looks at the end of his long-running legal battle with Adolph Coors Co. over alleged trademark infringement as a beginning. What once were Corr's "natural sodas" now will be called Robert Corr sodas. *See Page 12.*

Women have begun to wield some influence in the highly visible broadcast industry, but there still should be room for more females in top-level management jobs. That was the message both speakers and audience gave at the recent annual gathering of American Women in Radio & Television in Chicago. *See Page 14.*

Cover illustration by Bill Ersland.

CORPORATE CLOSEUP

Kellogg's new C-3PO's ready-to-eat children's cereal was more than just another entry into that highly competitive market. It was a message that the Battle Creek, Mich., marketer intends to regain its lost momentum among U.S. cereals. *See Page 4.*

INTERNATIONAL

Gallaher, American Brands' U.K.-based subsidiary, plans to launch a "world brand"-type campaign for its Silk Cut cigaret this year. The campaign will start with the U.K. market, probably around October, and then move into Europe. *See Page 58.*

The United Nations Educational, Scientific & Cultural Organization appears to be considering some changes that will allow the Reagan administration to back away from its threat to withdraw from UNESCO. *See Page 62.*

Since Saatchi & Saatchi opened a Hong Kong office last year under controversial ad veteran Mike Holbeche, the industry has been waiting for the magic the combination seemed to promise. So far, it seems to have had little impact on the local market. *See Page 64.*

VIDEOTECH

A U.S. sales representative has found resistance to a plan to sell tv spots on China's Olympic coverage to multinational companies. The problems range from the Eastern-bloc boycott of the Olympics to Hong Kong competition. *See Page 68.*

COMING THURSDAY IN *Magazine*

Ethnic stereotypes have been present in advertising almost since its earliest days. Both positive and negative images are displayed by the Balch Institute for Ethnic Studies in Philadelphia.

Total market coverage programs are sweeping the country. They are a dream come true for most retailers, and newspapers and shared mail companies are flocking to fulfill that dream. *In special report.*

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$1.25 a copy. $52 a year. $95 two years. Add $99 per year for air delivery to Europe & Middle East. Add $31 for surface mail to all other foreign countries. WILLIAM STRONG, vp-circulation; ROGER DI GREGORIO, fulfillment director; HEIDI SCHULTZ, senior circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to circulation department, Advertising Age, 740 Rush St., Chicago, Ill. 60611 (312) 649-5200.

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New shop netted by cruise line

By RUTH STROUD

Holland America Westours, formed last year through the merger of two cruise/tour operators, last week decided to consolidate its $13 million advertising account, too.

The Seattle-based company has selected Elgin Syferd, Seattle. That agency replaces Chiat/Day, San Francisco, which handled the Holland America Cruises' Caribbean and Mexican tour business, and Livingston & Co., Seattle, which directed the company's Westours Alaskan and Canadian cruises and tours.

Chiat shifted the account from its New York office to San Francisco after Holland America Cruises decided to merge operations with its Seattle-based Westours subsidiary. Chiat and Livingston (formerly Chiat/Day/Livingston) handled the account since early 1982.

The news surprised both agencies, but Elgin Syferd clearly was not a random choice. The agency resigned its $1.5 million account with Princess Tours, Seattle, on June 1 to tackle the more lucrative Holland America business at the request of Robert Brennan, who

(Continued on Page 100)

Pet foods see sales gains

By JOHN C. MAXWELL JR.

During 1983, the pet food industry realized a 4.1% gain in dollar sales. Ralston Purina maintained its No. 1 position in terms of market share, with 28.5%. Most of the dollar sales growth came from the cat food area, which showed a year-to-year increase of 9.7%, while dog food sales increased a modest 1.1%.

In units, cat food also showed the best gains. The moist category had a tonnage increase of approximately 6%, while dry cat food was up about 7%. However, the semimoist area experienced a 10% drop in units. It should be noted that although Ralston Purina's Happy Cat is regarded by many in the industry as a "semimoist" cat food, we have included it in the "dry" category at the company's request and because it can be left in the dish like dry products.

The big growth story in dog food in 1984 probably will be in the treats area. Treats were up about 1.5% last year in terms of tonnage. Dry dog food showed a healthy 2% increase. The wet and semimoist categories registered declines of about 1.5% and 6%, respectively.

The trends noted above likely will continue through 1984. The greatest growth potential appears to be in dog-treat specialties and the cat food area over-all. One reason for the continuing growth in dry products for both cats and dogs may be that this type of food is less messy and easier to handle. The strength in cat food may be attributed to an increase in working couples as well as the growth of single-family homes. In this type of environment, cats are more logical pets, as they are practically self-sufficient. On this basis, we believe that cat food will provide the principal real growth in the future.

Pricing should have a definite influence on growth in the future. The industry has not taken a price increase in three years, and we expect that as packaging and ingredient costs escalate there will have to be an increase soon. The timing likely will be determined by industry leaders in the respective categories, but a price increase of approximately 5% may be seen across the board by early fall and perhaps even sooner for certain areas of the business.#

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Dog food sales

The greatest growth potential among dog foods comes in dog-treat specialties. Dry foods have shown growth, but wet and semimoist categories declined. All figures in million of dollars. *Source: John C. Maxwell Jr.*

Brand	Manufacturer	1982	1983
Dry dog food			
Dog Chow	Ralston Purina	255.0	254.0
Puppy Chow	Ralston Purina	155.0	167.0
Gravy Train	General Foods	113.0	116.0
Dog Meal (Hi-Pro)	Ralston Purina	86.0	87.3
Come 'N Get It	Carnation	60.0	67.9
Meal Time	Mars	62.0	67.8
Praise	Ralston Purina	—	66.9
Alpo Beef Flavored Dinner	Grand Met USA	58.0	62.0
Dry Cycle	General Foods	80.0	60.8
Chuck Wagon	Ralston Purina	54.0	59.3
New Breed	Carnation	—	53.7
Purina Blends	Ralston Purina	57.0	49.5
Fit & Trim	Ralston Purina	22.0	23.6
Mainstay	Ralston Purina	19.0	21.8
Hunters Choice	Jim Dandy	22.0	21.6
Jim Dandy Chunx	Jim Dandy	14.0	13.1
Alamo Brand	Grand Met USA	12.7	12.9
Ken-L Ration Biscuit & Meal	Quaker Oats	9.7	9.2
Bow Wow	Plasa	7.0	8.3
Kasco	Plasa	8.0	7.3
Friskies Dinner & Cubes	Carnation	28.0	5.9
Blue Mountain	Associated Prod.	5.0	3.9
Field 'n Farm	Ralston Purina	7.0	3.6
Gaines Meal	General Foods	3.0	2.6
Strongheart	Strongheart	2.5	2.0
Vets Nuggets	C.H.B. Foods	2.0	1.9
Hero	Ralston Purina	4.0	—
Purina Dinner Mix	Ralston Purina	1.0	—
All Other		463.1	475.1
Total		$1,610.0	$1,725.0
Moist dog food			
Gaines Burgers	General Foods	71.0	65.0
Top Choice	General Foods	54.0	46.5
Ken-L Ration Special Cuts	Quaker Oats	30.4	27.9
Ken-L Burgers	Quaker Oats	30.1	10.1
Moist & Meaty	Benco	7.5	11.2
Ken-L Ration Cheeseburger	Quaker Oats	26.6	9.6
Prime/Puppy Choice	General Foods	9.0	5.7
Gaines Variety/Complete	General Foods	7.0	—
All Others		22.9	10.5
Total		$258.5	$186.5
Snack dog food			
Milk Bone, Flavor Snacks Bonz	Nabisco Brands	122.0	137.0
Jerky Treats	Heinz	27.2	35.4
Bonz	Ralston Purina	38.0	33.6
Liv-A-Snaps, Beef-Char-O-Snaps, Chik-N-Snaps	Grand Met USA	11.0	18.5
Meaty Bones	Heinz	—	14.0
Ken-L Ration Beef Bite Treats	Quaker Oats	5.3	4.5
Say Cheese, People Crackers and Doggie Donuts	Hi-Life	3.0	3.2
Recipe	Campbell	1.7	1.6
Gaines Biscuits & Bits	General Foods	0.9	—
All Others		40.9	27.2
Total		$250.0	$275.0
Canned dog food			
Alpo	Grand Met USA	189.0	200.0
Kal Kan	Mars	110.0	140.0
Mighty Dog	Carnation	80.0	91.0
Ken-L Ration	Quaker Oats	74.1	71.5
Cycle	General Foods	63.0	67.9
Skippy, Premium	C.H.B. Foods	23.6	36.6
Friskies	Carnation	48.0	23.6
Recipe	Campbell	23.0	21.4
Cadillac	Cadillac	18.5	21.2
Vets	C.H.B. Foods	19.1	18.3
Skippy	C.H.B. Foods	14.1	11.3
Blue Mountain	Associated Prod.	9.7	10.4
MPS	Mars	13.0	9.4
Strongheart	Strongheart	8.0	8.5
Tender Chunk Dinners	Quaker Oats	12.3	5.4
Twin Pet	Allied Foods	3.7	5.4
Laddie Boy	Laddie Pet Food	4.8	5.0
Thoro Fed	Mars	5.0	0.3
All Others		101.1	80.1
Total		$820.0	$827.3
Soft-dry dog food			
Tender Chunks	Quaker Oats	$81.0	$63.9
Kibble 'n Bits 'n Bits 'n Bits	Quaker Oats	49.5	26.8
Moist 'n Chunky	Ralston Purina	24.0	23.7
Dinner Rounds	Campbell	4.5	4.5
Tender Moist Chunks	Jim Dandy	4.0	3.9
Total		$159.0	$118.9

Cat food sales

The increase in working couples and in single-family homes stands behind the growth in cat food sales. All figures in millions of dollars. *Source: John C. Maxwell Jr.*

Brand	Manufacturer	1982	1983
Canned cat food			
9-Lives	Heinz	233.0	259.0
Kal Kan	Mars	138.0	151.0
Friskies Buffet	Carnation	151.0	147.0
Purina	Ralston Purina	65.0	64.1
Fancy Feast	Carnation	—	55.0
Puss 'n Boots	Quaker Oats	25.3	23.9
Bright Eyes	Carnation	16.0	22.3
Friskies	Carnation	20.0	13.6
Tabby	Grand Met USA	7.0	3.1
All Others		169.7	159.0
Total		$825.0	$898.0
Dry cat food			
Cat Chow	Ralston Purina	155.0	146.0
Meow Mix	Ralston Purina	95.0	95.8
Friskies	Carnation	53.0	65.6
Happy Cat	Ralston Purina	2.7	58.2
Crave	Mars	38.0	53.3
Thrive	Ralston Purina	43.8	46.3
Special Dinners	Ralston Purina	50.0	45.9
9-Lives	Heinz	38.0	34.3
Chef's Blend	Carnation	20.0	32.6
Kitten Chow	Ralston Purina	11.0	14.9
Fish Ahoy	Carnation	10.0	7.1
All Others		68.5	84.0
Total		$585.0	$684.0
Moist cat food			
Tender Vittles	Ralston Purina	141.5	137.0
9-Lives Moist/Square Meal	Heinz	27.0	25.1
Moist Meals	Quaker Oats	19.2	19.9
Moist & Tender	Benco	1.0	1.6
Whisker Lickins	Ralston Purina	6.5	—
All Others		14.8	11.0
Total		$210.0	$194.6

Annual sales by type of product

Cat foods, especially dry varieties, led the industry's sales gains. All figures in millions of dollars. *Source: John C. Maxwell Jr.*

Brand	1982	1983	Change
Dry dog food	1,610.0	1,725.0	+ 7.1
Canned dog food	820.0	827.3	+ 0.9
Whole-biscuit snack dog food	250.0	275.0	+10.0
Moist dog food	258.5	186.5	-27.9
Soft-dry dog food	163.0	122.8	-24.7
Total dog food	$3,101.5	$3,136.6	+ 1.1
Canned cat food	825.0	898.0	+ 8.8
Dry cat food	585.0	684.0	+16.9
Moist cat food	210.0	194.6	- 7.3
Total cat food	$1,620.0	$1,776.6	+ 9.7
Total dog & cat food	$4,721.5	$4,913.2	+ 4.1

Market share by company

Ralston Purina maintained about the same lead margin it held in 1982 over No. 2 Carnation Co. Figures in millions of dollars and share of market. *Source: John C. Maxwell Jr.*

Company	1982	Per cent share	1983	Per cent share
Ralston Purina	1,282.0	27.2	1,398.5	28.5
Carnation	486.0	10.3	585.3	11.9
General Foods	400.9	8.5	364.5	7.4
Grand Met USA	270.7	5.7	296.5	6.0
Quaker Oats	363.5	7.7	272.7	5.6
All Others	1,918.4	40.6	1,995.7	40.6
Total	$4,721.5	100.0	$4,913.2	100.0

Cole buys TAD Enterprises

PHOENIX—Bruce H. Cole Co. here has acquired TAD Enterprises, a company specializing in ad services to dentists, as a new division. TAD will change its name to Kleisley-Cole to incorporate the name of TAD founder Pat Kleisley, vp and director of Cole.